Social housing policies: A Res Publica?

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TU Wien, IFIP, 2017-06-09

The presentation is based on the paper:

Social housing and the welfare state

1. Housing policy and the welfare state
2. Social housing and spatial inequality
3. The cases of Vienna and Amsterdam: „Role models“ under pressure
4. Conclusions: Justification for public interventions in the housing markets
Housing policy in the welfare state literature

- Social housing policies are missing in most classical studies on the welfare state
  - Housing policy as “wobbly pillar” of the welfare state (Torgersen 1987)
- Differentiation in integrated versus dual systems (Kemeny 1995)
  - Integrated systems are characterised by a large (social) rental sector with price-dampening effects on the private sector
- Relationship between housing systems and segregation patterns frequently studied in urban studies literature (e.g. Arbaci 2007, Giffinger 1998, Musterd and Ostendorf 1998, Fainstein 2010)

“Post-war housing policy was to encourage social mix. (...) the expectation was that class differences would vanish because of spatial proximity” (Levy-Vroelant/Reinprecht, 2008, 214)

Social housing and spatial inequality

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Two metropolitan case studies: Vienna and Amsterdam

Vienna
- Supply-side changes
  - Interruption of the council Housing programme
  - Partial liberalization of the regulated private rental stock
  - Real estate attractive as investment
- Demand-side changes
  - Strong population growth (Immigration and natural)
  - Income polarisation

Amsterdam
- Supply-side changes
  - Shift towards owner-occupancy: Tax deduction, right-to-buy – programmes
  - Semi-liberalization of the regulated rental market
  - Reduction of supply-side subsidies on rental sector
- Demand-side changes
  - Immigration of low-skilled households
  - Income polarisation

Statistics Austria, Census 2011
Wonen in Amsterdam, 2009

Source: Gutheil-Knopp-Kirchwald, Gerlinda/ Kadi, Justin (2014), modified

Approx. 2/3 of the housing stock de-facto de-commodified (public / limited-profit ownership or regulated)
Consequences / risks

1. Very dynamic price increases
2. Trend towards residualisation of the social housing sector (Concentration of low-income households)
3. Long waiting lists and low accessibility of the affordable sector
4. Reduced housing affordability for low-income households
5. Increase of socio-economic segregation and spatial inequality

Supply-side changes:
Reduced supply in the cheapest sector

Demand-side changes:
Growing demand for inexpensive rental units

Two metropolitan case studies:
Vienna and Amsterdam

Share of social rental housing, income level and income inequality in the city districts of Vienna

Vienna

Median annual income per city district, 2010

- 17,001 - 19,000 €
- 19,001 - 20,000 €
- 20,001 - 22,000 €
- 22,001 - 23,000 €
- 23,001 - 26,000 €

Share of social rental housing in district
Gini coefficient (income inequality)
Two metropolitan case studies: Vienna and Amsterdam

Correlation of the share of social housing and income inequality within the 23 city districts of Vienna

\[ y = -0.20x + 0.45 \]
\[ R^2 = 0.47 \]

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Two metropolitan case studies: Vienna and Amsterdam

Figure 2: Share of social rental housing, income level and income inequality in the city districts of Amsterdam

Amsterdam

Median annual income per city district, 2009

- 20,460 - 20,472 €
- 20,472 - 21,000 €
- 21,000 - 22,800 €
- 22,800 - 25,000 €
- 25,200 - 27,000 €

Share of social rental housing in district
Gini coefficient (income inequality)

Source: Authors’ calculation based on municipal statistics. The figure is based on the 1998 classification of districts to ensure data consistency.
Lessons learned

- In both cities social housing is represented in all districts and addressing large parts of the society.
- In Vienna, social housing correlates with a locally balanced income structure (low social mix).
- In districts of predominant private ownership, the social structure tends to be more mixed: High income and low income households live nearby (Gründerzeit districts).
- In both cities low-income households and migrants are increasingly concentrated in the social sector, but at the same time it becomes less accessible for new entrants.
- A pan-European study (Tammaru, 2015) showed an unexpectedly high (and for Vienna even growing) degree of socio-economic segregation.

Conclusions: Justification of state intervention in the housing market?

<table>
<thead>
<tr>
<th>Efficiency</th>
<th>Community/Morality</th>
<th>Equality</th>
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</thead>
<tbody>
<tr>
<td>Allocative housing policies justified by market failures</td>
<td>„Housing as a social right“, „Right to the city“</td>
<td>(Re)Distributive housing policies</td>
</tr>
<tr>
<td>Imperfect and asymmetric information</td>
<td>„Immoralties“ of the housing market</td>
<td>Exclusion or market barriers for/of certain groups (financial / formal / informal) ⇒ Ensuring housing provision for low-income and vulnerable households</td>
</tr>
<tr>
<td>Externalities</td>
<td>Merit goods</td>
<td>Spatial distribution: Preventing cumulative discrimination of residents of deprived areas</td>
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<td>Slow market reaction to changing demand</td>
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</tbody>
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Authors’ draft, based on the welfare state systematics of Heath, 2011
**Conclusions: What to do now?**

- **Trade-off** between socially targeted housing policies and housing policies that encourage socio-spatial mix
- Vienna’s and Amsterdam’s integrated „social mix“ - strategy challenged by policy changes and a growing demand on the lowest price segment
  - Still rather integrated markets, but trend toward residualisation
  - **Insider-outsider-dilemma**: Risk of losing „social mix“ without improving social effectiveness

Combination of different policy instruments focusing on the enlargement of the affordable housing segment

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**Conclusions: What to do now?**

- Land policy (planning obligations, quotas for social housing,...)
- Incentives to mobilize underused or empty dwellings
- Mixed-use developments including different sectors of housing market
- Differentiation of quality standards in the new construction
- „De-commodified housing stock“ not to become a market asset (even after sale)
- Municipal land trusts / municipal housing
- Rental regulation that encourages investments but disincentivises speculation

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References


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